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Transplanting Thai rice

World Rice Crunch Easing

The New Trade Act And Agriculture

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Transplanting rice seedlings in Thailand—one of the key Asian rice producers with a bumper crop this year. Prospects for the 1974-75 world crop and supply situation are described in article beginning this page.

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World Rice Crunch Seen Easing as 1974-75 Crop Approaches Record

By WEYLAND BEEGHLY
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THE WORLD RICE crunch—at its worst in 1973 and early 1974—appears to be easing as a result of near-record 1974-75 world production, combined with slackened demand among traditional importers. As usual, supplies will be tight in parts of Asia, but a 7-week survey[1] of major rice-growing areas shows that in most countries rice is more plentiful than it has been since 1972.

Current estimates place the 1974-75 world rice crop, harvested mainly from October to January, slightly over 309.3 million tons (paddy basis) for a dip of less than 1 percent from last season's record. Virtually all of the decline can be laid to India, where a tardy and inadequate monsoon reduced output 10 percent, and Burma, which experienced the worst floods in a century and a shortage of replacement seed. Had output in these two countries remained at last year's level, the current crop would exceed 1973-74 production by nearly 5 million tons.

The generally favorable crop suggests heavy supplies among major exporters and rather modest demand from traditional Asian importers—India's impact on the market is minimal since it tends to import less-expensive grains when domestic rice production falls. Consequently, rice prices, which tripled in 1973 and early 1974, have been declining, although thus far the decline has been slowed by the emergence of strong Mideastern demand.

This year's crop is larger than expected. Early season conditions were not favorable in several important regions, and there was concern over tight supplies and higher cost of fertilizers and fuels. But the weather improved, and generally enough fertilizer was found for farmers who wanted to use it. Most irrigation was, as usual, powered by gravity.

[1] **This article is based on a 7-week trip by the author to major rice-producing countries of Asia.**

The crop was especially good in Northeast Asia (Japan, South Korea, and Taiwan), where production is up an estimated 700,000 tons.

Japan, a major rice importer in the 1960's and a significant exporter in the early 1970's, harvested 15.4 million tons—nearly 170,000 tons above planned production. The country could grow an additional 1.5 million tons, but current policy attempts to hold production at the self-sufficiency level.

It is expected that most of Japan's unplanned surplus will go into warehouses rather than into export either commercially or as food aid. However, the country has recently purchased small quantities of Thai rice for transshipment to Bangladesh, which is considerably less expensive than sending Japanese rice, as the farm support price exceeds US$800 per ton (brown rice basis).

In Korea, the new crop is estimated at more than 6 million tons, up 3 percent from last year's production. A major reason is the increased plantings of Tongil, a high-yielding variety having some IRRI parentage. About a quarter of this year's sown acreage is Tongil, compared with 12 percent in 1973.

The Korean Government hopes to procure at least one-sixth of the crop, which is likely to include a disproportionate share of Tongil since Koreans find it less palatable than other varieties. Increased procurement prices will undoubtedly make free market rice more costly. However, the Government is not expected to raise prices on its own sales to low-income consumers—most of whom cannot afford anything but a mix of 75 percent rice and 25 percent barley.

Taiwan is showing one of the sharpest production increases of any country in Asia, with this year's crop at a record 3.2 million tons—12 percent above the 1973 harvest. In recent years, Taiwan has committed itself to self-sufficiency in rice. Since land is limited and yields are already high, increased production

has come partly by substituting rice in areas where cash crops such as sugarcane and bananas formerly grew. But it is proving difficult to keep pace with consumption, which has been rising sharply as prices of vegetables and other foodstuffs have soared.

Unlike many Asian rice producers, Japan, Taiwan, and, to some degree, Korea depend heavily on commercial fertilizers. Until the advent of high petroleum prices, Japan was not only self-sufficient in fertilizer, but a major supplier as well. Last spring, however, fertilizer exports were curtailed and many of Japan's customers had to look elsewhere for at least a portion of their import requirements.

Both Korea and Taiwan were able to supplement domestic fertilizer production adequately, and both seem little concerned about next season. Korea, which imports all its phosphorus and potash, required farmers to compost before they were given access to chemical fertilizers. In Taiwan, enough fertilizer is already in hand for the first crop of 1975, and officials do not anticipate any difficulty in procuring enough for the second crop as well.

In Southeast Asia, the rice harvest has not been as consistent as in the north. A large jump in Indonesian production has been nearly offset by a sharp decline in Burma. On balance, though, the Philippines, Indonesia, Malaysia, Thailand, and Burma show a gain of 600,000 tons over last year's crop.

Typhoons struck the Philippines repeatedly in October and November, but appear not to have seriously damaged the monsoon rice crop, now estimated at 5.9 million tons—6 percent above 1973-74 production. The new crop puts the country in the best grain supply position in several years, with the result that imports are likely to be halved. The brief practice of mixing corn and rice to extend rice supplies has been discontinued.

Filipinos credit the increased production to several factors: Favorable weather; major new irrigation works; an increase in direct seeding which permits more double-cropping; and extension of the Masagana "99" program to nearly 40 percent of the ricelands. The "99" program is geared to providing farmers a package of inputs under close supervision.

One of the inputs is, of course, fertilizer, which the Philippine Government

Top to bottom: A farmer in South India applies fertilizer to his rice crop; Thai buffalo—called the "Thai tractors"—chew rice straw after threshing grain with their feet; and a Burmese farmer exhibits a sheaf of paddy from his 20 acres of fertile land. This year, however, unusually heavy flooding destroyed over a million acres of Burmese rice plantings

A young girl in Thailand bundles the seedlings she has just pulled from rice nurseries She will next carry these out to the fields, where they will be transplanted.

secured in Eastern Europe as Japanese supplies dwindled. New fertilizer plants are being built, and within a few years, the Philippines expects to produce a third of its requirements as compared with 15 percent now. The Government is concentrating on phosphate production, which it hopes to be able to export soon. Officials see Indonesia as the major nitrogen supplier in Southeast Asia within a few years.

Indonesia—newly rich in oil—is enjoying its best rice situation in years. Increased sowings and good yields have put its 1974 crop at 23.5 million tons, at least 900,000 tons above last year's production. Moreover, the Government has stocked a million tons (milled) of mostly imported rice—including 200,000 tons from North Korea—although officials fear some spoilage under the region's hot, humid conditions. With such heavy supplies, imports could decline by up to 500,000 tons in 1975.

Indonesian rice production should continue to increase in the future as new rice estates are developed and as the country becomes a major supplier of nitrogen fertilizer. But Indonesia's emphasis on rice self-sufficiency seems to be waning as confidence grows in its ability to purchase any grain needed. Besides, distribution from the dock is generally simpler than procurement from the field.

Malaysia is also in a good rice position this year. Production rose nearly 4 percent, as favorable weather overcame a slight shortfall in fertilizer. Next year's imports are likely to be the usual 200,000 tons, mostly from Thailand and the People's Republic of China.

RICE: WORLD PRODUCTION[1] FOR 1971-72, 1972-73, 1973-74 AND PROJECTED LEVELS FOR 1974-75
[In million metric tons, paddy basis]

County or region	1971-72	1972-73	1973-74	1974-75
Bangladesh	14.9	15.4	18.5	18.5
Burma	8.2	7.4	8.6	7.7
India	64.7	58.9	65.7	59.3
Indonesia	21.1	20.5	22.6	23.5
Japan	13.6	14.9	15.2	15.4
Pakistan	3.4	3.5	3.6	3.6
People's Republic of China	100.0	98.0	103.0	103.0
South Korea	5.6	5.5	5.9	6.0
Thailand	14.2	12.2	14.4	14.5
Subtotal	245.7	236.3	257.5	251.5
EC-9	1.0	.8	1.1	1.0
Australia	.2	.3	.4	.5
Argentina	.3	.3	.3	.4
Brazil	5.1	5.3	6.2	6.5
All others	46.3	40.7	42.1	44.2
Total non-U.S.	298.6	283.7	307.6	304.1
United States	3.9	3.9	4.2	5.2
World total	302.5	287.6	311.8	309.3

[1] The world rice harvest stretches over 6-8 months. Thus 1974-75 production represents the crop harvested in late 1974 and early 1975 in the Northern Hemisphere, and the crop harvested in early 1975 in the Southern Hemisphere.

From every indication, Malaysia could be self-sufficient in rice but prefers small imports financed by cash-cropping. Very little land is under high-yielding varieties, but there has been some recent emphasis on double-cropping more of the peninsula and opening up new lands in Sabah and Sarawak as a result of high world grain prices.

Thailand's monsoon rice crop has largely recovered from early-season drought in the northeast and should nearly equal last year's excellent harvest. Moreover, increased sowings in the off-season are likely to push total 1974-75 production perhaps 150,000 tons beyond last year's record 14.35 million.

As in Malaysia, Thai fertilizer use dipped slightly due to increased prices and in reaction to bogus fertilizers sold widely last year. However, fertilizer is still relatively unimportant in Thailand, as only 5 percent of the monsoon crop is under high-yielding varieties.

Thailand's second consecutive record crop means high export availabilities in 1975. The Thais moved only 1.1 million tons last year in deference to domestic objectives. But export taxes have recently begun to fall, and a 400,000-ton carryout plus 1.2 million from the new crop puts total export supplies at 1.6 million tons. It is unlikely, however, that more than 1.3 million can be sold.

Burma is one of only two Asian countries in which rice production appears to have dropped substantially from last year's level. The crop is now estimated at 7.7 million tons, compared with 8.6 million in 1973-74.

The Burmese slump can be attributed to one of the worst floods ever, inadequate supplies of replacement seed, and some farmer unhappiness with Government rice policies. Though floods are common, indeed indispensable in parts of monsoon Asia, water covered some Burmese riceland too long, destroying new seedlings. Only one-fourth of the affected 1.2 million acres was eventually reseeded, some by consumption stocks of only 40-50 percent germination.

Procurement of the domestic crop has been a problem for the Burmese in the last few years. Several months ago the Government announced a new policy that makes procurement virtually a Government monopoly. Officials hope to purchase 1.9 million tons (milled) under the new policy and export a fourth of it. However, it is doubtful that exports will exceed last year's level

Continued on page 20

President Signs U.S. Trade Bill, Opens Door for Negotiations

PRESIDENT FORD on Friday, January 3, signed into effect the long-awaited Trade Act of 1974, thus permitting U.S. participation in the new round of multilateral trade negotiations being mounted under the General Agreement on Tariffs and Trade (GATT). Substantive negotiations are scheduled to begin in February.

The trade negotiations—which aim at reducing, reciprocally, tariffs and nontariff barriers to trade and reforming the international trading system—were formerly opened in Tokyo in September 1973. Heretofore full U.S. participation has been stalled by a lack of Presidential negotiating authority since expiration, on June 30, 1967, of that provided in the Trade Expansion Act of 1962.

Since the Tokyo meeting, countries participating in the mutilateral trade negotiations (MTN's) have been engaged in preparatory work designed to define the framework within which the negotiations will take place (See *Foreign Agriculture*, September 16, 1974.)

The Act also provides more relief from serious injury or threat of injury caused by growing import competition and it broadens the range of actions the United States can take in response to unfair international trade practices. In addition, it permits the United States to extend nondiscriminatory (most-favored-nation) tariff treatment to countries not now receiving it and to participate with other developed countries in granting generalized tariff preferences to products of developing nations.

Following is a summary of the major provisions of the Trade Act of 1974:

Title I: Negotiating and other authority. The Act provides the President with comprehensive authority for a 5-year period to undertake negotiations and implement agreements for the reduction of tariffs and nontariff barriers to trade. While it imposes some limitations, these should not seriously affect the President's ability to participate in the bargaining phase of the MTN's beginning in February.

The President's authority to reduce duties pursuant to trade agreements is as follows: Duties of 5 percent ad valorem or less may be reduced by 100 percent; duties of more than 5 percent ad valorem may be reduced by 60 percent. Negotiated duty reductions may be staged over 10 years at an annual rate not to exceed 3 percentage points or one-tenth of the total reduction, whichever is greater. No staging is required for duty reductions which are 10 percent or less of the prior rate.

The President can also increase duties, primarily to harmonize duty rate levels with those of other countries, to a level 50 percent above the rate existing on July 1, 1934, or 20 percent ad valorem above the existing rate, whichever is greater.

General authority is also provided the President to negotiate the reduction, elimination, or harmonization of nontariff barriers (NTB) to trade.

Before the President enters into any NTB agreement he must consult with the Congress concerning its "acceptability" and "packaging" for submission to Congress. Such agreements are to be submitted to Congress 90 days before they are to be effected, and can become effective and be implemented by the President only if approved by both Houses of Congress.

THIS PROCEDURE will considerably speed up implementation of NTB agreements, where amendments to existing U.S. legislation would otherwise be necessary. It provides maximum possible assurances to U.S. negotiating partners that negotiated NTB agreements will be acted upon by the Congress.

Overall, the U.S. negotiating objective is to obtain more open and equitable market access and to harmonize, reduce, or eliminate devices that distort trade or commerce. The Act singles out a number of specific objectives for special attention. These include equivalent competitive opportunities with respect to appropriate product sectors, including agriculture; trade agreements with developing countries; international safeguard procedures; and access to supplies.

In addition, a number of other steps toward revising and improving the GATT are to be undertaken as soon as practicable. Title I also grants the President authority to impose import surcharges during balance-of-payments emergency situations.

Title I contains elaborate provisions assuring that all concerned Government agencies, the private sector, and the Congress have ample opportunity to advise and comment on the negotiations leading toward a trade agreement.

FINALLY, TITLE I establishes a general rule that concessions should be extended on a nondiscriminatory basis. However the Act includes a provision directing the President to withdraw concessions from major industrialized countries, which—after the negotiation of trade agreements—do not afford U.S. products competitive opportunities in their markets substantially equivalent to these afforded the products of such countries by the United States.

Title II: Relief from injury caused by import competition. This Title liberalizes considerably the criteria and procedures of the Trade Expansion Act of 1962 under which U.S. industries may obtain relief from imports injurious to them (escape clause relief) and firms and workers may obtain adjustment assistance. The Title also establishes a new program of adjustment assistance to communities.

The criteria for determining injury to domestic industries have been relaxed, and the causal link to past trade concessions is eliminated. Increased imports now need only be a "substantial" cause or threat of serious injury (that is, an important cause or at least as great as any other cause), rather than the "major cause" required formerly.

Underlying the action is an affirmative finding by the International Trade Commission, showing that imports have been a substantial cause of actual or prospective serious injury to domestic industry. Thus, the President is required to impose or increase duties, proclaim a tariff-rate quota, impose quantitative restrictions, negotiate an orderly marketing arrangement, or take any combination of such actions. This escape clause action may be in effect no more than 5 years, but may be extended for an additional 3 years if necessary.

Access to adjustment assistance for U.S. workers and firms affected by imports has also been considerably eased and has been extended to communities. The time allowed to make eligibility

determinations has been shortened.

Eligibility of workers, firms, or communities for adjustment assistance now depends on a finding by the Secretary of Commerce (or the Secretary of Labor with respect to workers) that increased imports have "contributed importantly" to a firm's unemployment or decreased sales or production.

The effective level of worker benefits has been increased. Training, employment services, and relocation benefits also are provided. Assistance to firms and communities includes technical and financial assistance, the latter to include both direct loans and Government guaranteed loans.

Title III: Relief from unfair trade practices. Title III provides new, more flexible authority for the President to respond to unfair trade practices of foreign governments and includes amendments to several important provisions of U.S. trade laws (Antidumping Act and the Tariff Act of 1930).

Retaliation provisions against illegal and unfair trade practices by foreign countries have been broadened and extended to include services, restrictions on supply access, and export subsidies to third countries or, under certain circumstances, to the United States. Retaliation may be directed only at the country engaging in the unfair practice under certain circumstances.

The Title amends the Antidumping Act in several respects, most of which are technical, or to conform to current Treasury Department practice.

Countervailing duty amendments are more significant. Countervailing duty procedures have been extended to cover duty-free imports, providing that an injury test is met. The time limits for countervailing duty actions have been tightened to require a preliminary determination within 6 months and a final determination 1 year following receipt of a petition.

Even if its determination is affirmative, the Treasury may refrain from countervailing under certain conditions. This discretion may be excercised if the subsidizing country has taken adequate steps to reduce or eliminate the adverse effect of the bounty or grant and has shown a serious intention to negotiate a trade agreement, and if countervailing would jeopardize trade negotiations under the Act during the next 4 years. A simple resolution by either House of Congress is sufficient

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Belgian Cattle Feeding Plan Produces Premium-Priced Beef

By QUENTIN R. BATES
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SOME BELGIAN supermarket customers are buying at premium prices top-quality beef being produced under a relatively new feeding and marketing system that is widely different from traditional European beef production methods.

In many cases, European beef comes from the slaughter of dual-purpose cattle that are bred for milk and meat. The cattle are kept primarily as dairy cattle as long as they are productive, going to the slaughterhouse when their milk output drops below a profitable level. This method also produces a large number of calves that go to market as veal.

The system evolved by Valere Henry, a young Belgian farmer-technician who has served as adviser to the U.S. Feed Grains Council, has as its goal the production of top-quality beef only, from animals fed special rations, and slaughtered when they are at their optimum weight.

The success of the system, according to Henry who outlined it at a European Beef Symposium at the Novi Sad (Yugoslavia) Fair on May 13, 1974, depends on the ability of the producer to consistently turn out a high-quality product. It also requires that he be able to estimate costs accurately, contract in advance for inputs—from purchase of the feeder calf to delivery of the carcass to the retailer—and finally to sell the carcass through a forward contract at a profit.

There are five operating principles to which a producer must adhere if the program is to work, Henry said. He must:

- Ascertain the quality of beef consumers prefer and the price they will pay;
- Sign a marketing contract with a reliable distributor or chain store before starting large-scale feeding;
- Market his product on a dressed-meat basis;
- Receive as large a share as possible of his product's retail value; and
- Standardize production procedures.

Henry's experience from marketing over 1,000 head of cattle through selected supermarkets indicates that beef offered for sale must be tender, rosy-hued, and have a minimum of fat. The breed and conformation of the live animal does not affect consumer acceptance, but the producer must be able to provide a dependable year-round supply of meat.

When these requirements are met, producers can expect to receive a payment about 10 percent over that made for other types of beef.

Chain stores provide the best sales outlets for beef fed according to his plan, Henry said, because they are equipped to successfully wage promotional campaigns that can intensify sales of standardized beef produced in large quantity.

Also such stores will become increasingly important in future years. They are expected to sell the largest share of Belgium's retail meat in the next several years and by 1980 they will probably sell over 55 percent. Another advantage in dealing with chain stores is that their managers are more open-minded and receptive to new ideas that could improve distribution and processing of food items.

But the supermarkets also impose some responsibilities. Because most chain stores sell precut, prepackaged beef through self-service counters, it is important the beef have a high water-binding capacity and color stability.

Henry believes his program of feeding controlled rations and the attention paid to slaughtering so that stress is kept at a minimum help his carcasses meet these standards.

Henry reports that Belgian beef producers who sell their output according to more traditional methods receive 45-60 percent of the retail price. By eliminating all middlemen, maintaining his own buying staff, and selling his product as carcass beef directly to a chain store, Henry reports he is paid 75-80 percent of the retail market price.

Henry's livestock buyers limit their purchases to bull calves that will be no older than 18 months when finished. They are fed a high-energy ration made up in equal parts of dried sugarbeet pulp (pelleted) and commercial feed consisting of oilseed cake, feedgrains, urea, and vitamins. By use of a feed conversion table, and based on the starting weight of the animal, Henry is able to estimate fairly accurately the finished weight of each.

A large percentage of the mixed feed portion comes from the United States.

All of Henry's beef is sold to one of Belgium's largest chain stores at a price set in advance by contract. The contract price is large enough to cover a per-animal fixed cost—about US$150 per animal in early 1974. This is for sanitation and health expenses, insurance for loss by fire, illness, death, or poor animal performance; operating expenses such as water, electricity, labor; amortization, manure processing, and administration costs; transportation to the slaughter plant; interest on operating funds, and profit. It also includes allowances for feed based on the conversion table and the purchase cost of the feeder cattle.

Because of the size and integrated nature of the operation, detailed, accurate records are kept. All animals are individually identified and carefully weighed on arrival at the farm and when they are sold. All feed is accurately weighed and recorded for each pen of cattle.

One important element of the plan, according to Henry, is to be able to contract in advance for almost all supplies and to keep such costs well below the average paid by most producers. Long-term contracts are signed whenever possible during the season when prices for feed, transportation of feeder calves and finished cattle, slaughter, and other requirements are at their lowest. Accurate record keeping helps make this possible.

These records also are particularly helpful when money requirements are discussed with lending agencies. By having complete information at hand, Henry has been able to borrow operating funds at favorable interest rates, whenever needed.

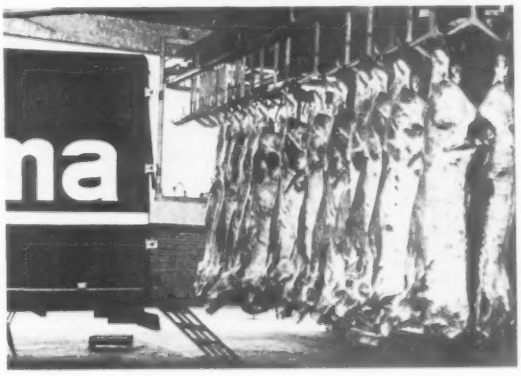
During the latest cycle for which complete records are available (1972-73), 458 feeder animals were fed. After 38 head were eliminated for various reasons, 420 head were sold as finished animals. Most of the cattle—of which 70 percent were dual-purpose breeds—were purchased during the 3-month period, September-November 1972, at about 7 months of age, and at an average weight of about 496 pounds.

About two-thirds through the feeding cycle there was an outbreak of infectious bovine rhinotracheitis (IBR) that drastically reduced the animals' performance. Their average final net weight was 1,080 pounds, considered to be about 20-40 pounds less than had been experienced in a previous feeding cycle with the same kinds of animals. The disease undoubtedly affected the percentage of dressout, determined to be 62.33 percent on a cold basis, and was less than the expected 62.75 percent.

Net profit per feeder was the equivalent of US$56, a considerably lower net profit per animal than had been realized during the previous feeding cycle with fewer animals. The reduction was caused mainly by losses from the IBR outbreak, which were not fully reimbursed by insurance. A vaccine against IBR, only recently legalized in Belgium, should largely eliminate this risk in the future.

Henry's plans for 1973-74 included a new contract with the chain store to produce 2,000 finished cattle during the year. This meant he had to have from 30-50 finished animals per week ready to go to market. However, because his feeding facility had been enlarged to handle 1,000 head at one tine, he should have had little trouble handling the increase.

Plans were also being discussed that could have increased the number of chain store outlets from one to several. Also a promotion campaign was planned to boost sales even further.



Below, a herd consisting of several breeds in a lot at the establishment of Valere Henry, a young farmer-technician who produces beef on contract for a Belgian supermarket. Left, a rack of beef carcasses ready to be loaded aboard a truck. Henry's feeding method produces beef of such high quality that the supermarket is willing to pay a premium price for the beef carcasses he produces.

Near-Normal Weather May Boost Nigeria's 1974 Peanut Crop

By W. GARTH THORBURN
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NIGERIA'S PEANUT production is expected to double this year from 1973's alltime low. This should allow the current season's marketed crop to rebound to a level four-and-a-half times that of 1973-74.

A substantial increase in the producer price and the most abundant rainfall in 4 years have increased estimated total production to 1.2 million tons[1] from the 600,000-ton output of 1973. The 1974-75 marketed crop is estimated at 900,000 tons, compared with 200,000 tons in 1973-74.

But even with the upward movement in production, output in 1971-74 would still average about 39 percent below the average of the preceding half decade.

Between 1966 and 1970 annual production fluctuated from a high of 1.7 million tons to a low of 780,000 tons, for a 5-year average of 1.3 million tons, but with the bad crops of 1971 and 1973 the 4-year average (1971-74) would be about 811,000 tons.

In a move to reemphasize agriculture, the Nigerian Military Government, in its Third National Development Plan that will run from 1975 through 1980, will invest the equivalent of US$100 million in irrigation projects in the regions of Gombe, Gassu, and Funtua. These projects will cover most of the peanut area. Singling out peanuts—although cocoa is a more important export crop—the Government hopes that production will reach a goal of 1.4 million tons of shelled nuts by 1980.

The agricultural sector, which employs 70 percent of the working population and contributes 40 percent of Nigeria's gross domestic product, has been relatively static in recent years. The country now finds itself in the enviable position of having large reserves from its sale of petroleum—forecast at US$7.5 billion by the end of 1974—and is putting the money to work in a section of the economy where it will show significant returns.

Higher producer prices resulted from a restructuring of the Nigeria marketing setup. The system is administered by the Nigerian Produce Marketing Company (NPMC), which took over its functions April 1, 1973, relegating the four regional Boards to relatively less important roles.

Net producer price for peanuts—fixed at the equivalent of $252 per metric ton on April 5, 1974—is set by the Producer Price-Fixing Authority (PPFA), a Federal agency under the jurisdiction of the Ministry of Commerce and Industry. The Authority—really a committee composed of representatives from the Central Bank, the Ministry of Finance, the NPMC, the four Marketing Boards, and other organizations—meets every March to make price recommendations. Using world market prices as a guideline, the NPMC advises the Ministry of Commerce and Industry of its findings. The Ministry then establishes the producer price level.

RESPONSIBLE FOR buying from farmers and selling to exporters—with the regional Boards acting as its agents in both instances—the NPMC handles peanuts and nine other major export products, including cocoa, coffee, cottonseed, palm oil, and copra.

Peanuts bought from the NPMC may be crushed, graded, exported, or used domestically for oil, meal, or other products. Licenses are freely given to anyone wishing to export peanuts or products, and are not used as a means of restricting or controlling foreign shipments, but to collect trade data.

The NPMC demands cash payments be made in foreign exchange and issues its quotations in terms of foreign currencies. Terms of a sale depends to some degree on its type—that is, whether c.i.f. or f.o.b. Generally payments are required in the form of irrevocable letters of credit. For buyers who have had sales contacts with the NPMC for over 2 years, the Company will accept documents for c.i.f. shipments against the cost of the nuts.

The peanut marketing procedure is a relatively simple one. Exporters and others in the trade buy peanuts from the Marketing Board that services their respective area at a price that had been set in Lagos the previous day by a group of Government marketing agency representatives.

The body meets each working day and establishes daily f.o.b. and c.i.f. prices, based on the world market level. Crushers or processors pay an f.o.b. price equivalent to that set by the pricing group, minus transportation to Lagos. The c.i.f. price is the Government-set price to the exporter, plus transport and insurance.

After paying the adjusted price, a processor may move the peanuts from a central NPMC storage area to his processing plant where the nuts are crushed. He may export the meal or oil without Government permission, except that he must obtain the export license that is generally granted automatically for peanut shipments.

Data on financing peanut production is sketchy—even the banks do not have complete information. In some areas—accounting for less than 10 percent of total production—cooperatives provide credit to pay the cost of preparing the land, as well as for fertilizer and fungicides. But Nigeria's co-ops are in their infancy and provide only a relatively small amount of help to their members.

In many regions, licensed buying agents may provide some financing. They obtain their funds from private banks. After buying peanuts from the farmers at a net price set by the Government, the agents must turn their payments over to the Board, and it settles with the banks.

The NPMC has traditionally purchased peanuts from the Marketing Boards for direct sales to importing countries, either as handpicked select (HPS) for food use or as crushing stocks. With peanut crushing capacity expanding to 1 million tons this season, Nigeria will be fully capable of crushing its total commercial crop. Consequently, future peanut exports could be limited to HPS nuts.

The export peak for nuts between 1964 and 1973 was in 1968 when

[1] **All peanut figures are given in metric tons, in-shell, and may be converted to a shelled basis by multiplying by 0.70.**

927,000 tons were shipped. The lowest level was 173,000 tons in 1972. In 1973, exports rose to 272,000 tons.

During January-June 1974, Nigeria exported only 50,000 tons of peanuts, 11,000 tons of oil, and 20,000 tons of peanut cake and meal.

Nigeria's commercial crushing industry is geared to export markets, as much of the oil for internal consumption—some 30 percent of a normal crop—is usually held by the farmer who manufactures his own oil, feeding the resulting cake or meal to his livestock.

All of Nigeria's crushing plants are in the northern part of the country, but the seaports are in the south. This means that during the harvest season there is a heavy movement of trucks and trains from north to south and back, as export shipments are made. But occasional shortages of both trucks and trains complicate this activity.

Crushers and exporters buy peanuts on a weight basis, without respect to grade. Peanut quality is generally high and the Nigerian Superintendent Company, responsible for making all tests for peanut quality and standards, takes a 10-percent random sampling at the time of shipment to test for aflatoxin, fatty acid, moisture, and foreign matter.

Farm size in Nigeria's peanut producing regions varies greatly, but the average area planted to peanuts is about 3 acres. Peanuts are the country's main cash crop, ranking second in importance after food crops and are often planted as a second crop after food commodities have been harvested. The main crops competing with peanuts are millet and sorghum.

MOST PEANUTS ARE grown on non-irrigated land. However, the increase in irrigated acreage called for in Nigeria's Third National Development Plan should reduce the dependence of many farmers on timely rainfall and lessen wide fluctuations in production. Some farmers use fertilizer to boost output, but the percentage of use on the total peanut area is extremely small.

Peanut research is being carried on at three stations in the northwest sector of the country where efforts are being made to develop three types of nuts: One having a high oil content, a second for confectionery use, and one requiring less moisture while exhibiting high resistance to disease. Thus far, there has been no breakthrough in developing a suitable low-moisture peanut strain, and production is still firmly wedded to adequate rainfall.

Two new peanut varieties—F-4524 and F-4394—have been distributed to farmers, although seed supplies are still inadequate for widespread production.

Varieties F-4524 and F-4394 have produced yields at the State Ministry of Agriculture's station in Kano of 3,500 pounds of peanuts per acre. This level compares with the yield of other varieties in regular use that had a per acre outturn of 1,300 pounds in 1966 when conditions were nearly ideal, and a low of 353 pounds per acre in the drought year of 1973.

In addition, there are two other varieties—Samaru 61 and 91—that are reportedly doing well in the experimental stages. Once these are approved, they will be passed out to farmers.

Nigeria's Output of Most Oilseeds Expected To Increase

NIGERIA'S OILSEED production has been cut during the past several years because of a prolonged drought, but 1974's near normal rainfall promises larger crops of cottonseed, oil palm products, soybeans, and sesameseed. (Peanuts are reported on separately).

In general, rains came on time throughout the country and continued to fall in September. There have been no reports of rain shortages anywhere in the country. But whether the oilseed crop will hit expected levels depends on how long the rains continued to fall after September.

In preparation for expected larger oilseed crops in the future, Nigeria is opening a number of combination cottonseed-peanut processing plants. One at Gombe, in the North Eastern State, and a second at Funtua, in the North Central State, were scheduled for completion by late 1974.

Early reports said the Gombe mill would have a 40,000 ton capacity, but later information indicated it had been upped to 60,000 tons. At present, only about 30,000 tons of cottonseed are produced around the Gombe area.

A third plant at Gusau, in the North Eastern State, was commissioned in January 1974. The country's first cottonseed crushing plant—in Kano State—went into operation in June 1973 Prior to that time, Nigeria exported all of its cottonseed.

There is also a new palm kernel crushing plant at Umuonze, East Central State, and one was scheduled to be opened in late 1974 at Abak, South Eastern State.

Cottonseed. Nigeria's cotton area, located somewhat to the south of the peanut area, suffered less from the 1973 drought than peanut land and as a consequence the production outlook for the 1974 cotton crop was relatively bright. A 50 percent jump in the producer price for seed cotton this season brought about an acreage increase and currently the cotton area is estimated at about 1.75 million acres —up 150,000 acres from the previous year's level. However, since cotton is grown on thousands of farms in small plots, a completely accurate assessment of the extent of the increase is impossible at this time.

An acreage jump of the estimated size could result in a much larger outturn of cottonseed. Cottonseed output is now estimated at 120,000 long tons, more than two times as large as the 57,000 tons produced in 1973-74.[1]

Exports of cottonseed totaled 9,149 metric tons in 1973, with a value of $1.1 million. During the first 6 months of 1974, total cottonseed exports were 8,401 tons, valued at $913,000. Japan, Greece, and the United Kingdom were Nigeria's three most important customers for cottonseed in 1973. Japan dropped from the No. 1 spot in 1973 to second place in 1974. Greece and the United Kingdom dropped out to be replaced by the Netherlands and West Germany.

Palm and palm kernel oil production will be up from the 1973 season, primarily because of the favorable rainfall. Total 1974 output of these oils is estimated at 475,000 tons for palm oil and 300,000 tons for palm kernel

[1] **The cottonseed marketing year begins Oct. 1. Data for oil palm products are on a calendar year basis.**

oil. These levels compared with an estimated 425,000 and 240,000 tons in 1973.

Producer prices of palm kernels and palm kernel oil more than doubled in 1974, compared with 1973; however, the market price for palm oil was generally higher than the producer price. So, although Marketing Board purchases were up from those of 1973, the Boards still obtained only a small portion of total production. Reportedly, palm oil smuggling into neighboring countries was up sharply in 1974.

The Government's procurement of palm kernels was slow in 1974 because of marketing problems. The Nigerian Produce Marketing Company (NPMC), which manages all such sales, reportedly

"A 50 percent jump in the producer price for seed cotton this season brought about an acreage increase and currently the cotton area is estimated at about 1.75 million acres—up 150,000 acres from the previous year's level."

has had some difficulty in obtaining ship space for palm kernel exports—or else it has been slow in making sales commitments. Because unsold supplies had to be stored, the limited capacity of the NPMC and State Marketing Boards was rapidly exhausted.

With the NPMC making purchases at a slow rate, and its limited storage facilities, the Marketing Boards—which act as agents for the NPMC—have been able to take only limited delivery of kernels from licensed buying agents (LBA). Since the LBAs get paid only after delivery to a Marketing Board, limited LBA funds are tied up in stocks. Now the agents can make no further purchases until they are paid. However, the country's only significant buyer of palm kernels is the Marketing Boards, so it is expected that eventually most of the nuts will end up with the Boards.

The World Bank and the Nigerian Government have signed an agreement for upping production of oil palm products. When the program is fully underway, it is estimated the three projects will produce some 97,000 long tons of palm oil and 19,400 tons of palm kernels.

Although the volume of Nigeria's agricultural exports has been relatively stable in recent years, higher prices have sent export value upward.

Exports of oil palm products in 1973 were as follows: Palm kernels, 136,958 tons, valued at about $30.4 million; palm kernel cake and meal, 28,597 tons, $2.7 million; and palm kernel oil, 39,851 tons, $12.4 million.

Nigeria's exports of palm kernels, palm kernel cake and meal, and palm kernel oil, by major destinations, for 1973 and the first 6 months of 1974 (in parentheses), in metric tons and millions of U.S. dollars, were:

Palm kernels: The Netherlands, 66,236, $14.8 (17,380, $5.0); the United Kingdom, 25,378, $6.0 (16,488, $8.2); and West Germany, 15,242, $3.3 (9,011, $3.1).

Palm kernel cake and meal: West Germany, 17,013, $1.6 (5,143, $0.58); Belgium - Luxembourg, 3,207, $0.33 (8,512, $0.80); the United Kingdom, 1,321, $0.14 (3,107, $0.36).

Palm kernel oil: The Netherlands, 0 (6,286, $5.4); the United Kingdom, 28,773, $8.0 (9.303, $8.7); Belgium-Luxembourg, 7,468, $3.1 (0).

Soybeans and sesame—both minor crops—are grown almost exclusively in the southern portion of Benue Plateau State. These are practically the only two products handled by the State Marketing Board. The Board and the State Department of Agriculture have been promoting soybeans and sesame production and area planted in 1974 is estimated to have increased by some 15 percent over last year's low level.

Yields of both crops are also estimated to be up some 15 percent over last year's level. The marketed crops of soybeans and sesame in 1974-75 are placed at 1,100 and 4,000 long tons, respectively, compared with 800 tons and 3,000 tons in 1973-74. The sesame-seed crop is harvested in September-October, but meaningful purchases had not been made as of early October. Most of the soybeans are harvested in November.

Nigeria exported 1,042 tons of sesameseed in 1973 valued at $370,000. During the first 6 months of 1974 these exports rose to 1,626 tons, with a value of $811,400.

—Based on report from Office of U.S. Agricultural Attaché Lagos

Zaire To Import Tobacco Even If Self-Sufficient

By WALTER A. STERN
U.S. Agricultural Attaché
Kinshasa

THE REPUBLIC OF ZAIRE, which has relied heavily on imports of tobacco in the past, will attempt to reach a state of self-sufficiency by 1980, urged on by President Mobutu.

Zaire's average commercial production of tobacco in the 5-year period, 1969-70/1973-74 was 636 tons annually, while yearly imports for the period averaged 4,187 tons. Thus, achieving a level of about 6,500 tons in 5 years to meet the demands of the domestic market will require an effort of major proportions by Zairian growers. (All tons are metric.)

The Zairian drive to attain self-sufficiency in tobacco will probably boost total production, but it is unlikely output will keep pace with growing consumption. This shortfall will require imports to make up the difference. Because of its past history as a supplier of Zairian tobacco imports, it is likely the United States will continue to make sizable tobacco sales to Zaire for some time to come.

In 1958, prior to the country's independence from Belgium, about 3,500 acres were under commercial tobacco production, of which 2,400 acres were owned by Africans and the balance of 1,100 acres by Europeans. Total output amounted to 1,900 tons. In addition, small patches of tobacco have historically been cultivated in most areas of Zaire for home consumption. About 800-1,000 tons of tobacco are produced annually for use by the grower and never enter the commercial market.

Following Zaire's establishment as an independent country in 1960 (then called the Democratic Republic of Congo) and during the strife-torn years that ensued, leaf outturn declined considerably, dropping to 242 tons in 1968-69. However, output started increasing steadily shortly thereafter and rose to 1,041 tons by 1973-74. The Govern-

ment projects leaf production at 6,478 tons by 1979-80.

Zaire's countrywide production of tobacco in 1973-74, by variety, in tons, with the 1979-80 projection in parenthesis, is as folows: Galpao, 68 (472); Dark, Heavy Western, 500 (800); Kentucky, 170 (650); Virginia, 15 (3,528); and White Burley, 288 (1,028).

Commercial production of tobacco in Zaire is under control of two companies, TABAZAIRE and the British-American Tobacco Company (BAT). TABAZAIRE was formed in 1971 by consolidating two earlier firms—TABACONGO and Le Khedive. BAT was previously known as the CCT Company.

Based on the combined production of TABACONGO and Le Khedive, TABAZAIRE is now responsible for approximately 70 percent of Zaire's cigarette production, while BAT manufactures about 30 percent. In the 1960's, tobacco product factories were working at 65-70 percent of capacity, but in some years a considerably lower proportion was utilized.

In 1973, BAT produced about 500 metric tons of tobacco from nearly 3,000 acres farmed by about 7,000 small planters. This tobacco was marketed through eight different local sales stations. Future plans call for BAT to expand production of leaf by nearly four times its present level.

Producing only Heavy Western tobacco, BAT expects to boost output to 800 tons by 1980. In addition, BAT plans to begin production of Galpao, Virginia, and White Burley tobaccos.

HOWEVER, THESE PLANS are contingent on BAT's being able to locate new fields in an area having the proper climate and soil conditions for the production of these tobaccos. Streamlining the BAT manufacturing operation through mechanization should enable the company to expand its cigarette production capacity.

TABAZAIRE expects to expand tobacco production from 528 metric tons in 1973 to 4.500 tons by 1980 by increasing its tobacco acreage from about 1,500 acres to 10,500 acres by then. It will also increase the number of planters from about 4,000 to some 19,000. This expansion of output—if achieved—should enable TABAZAIRE to increase the percentage of domestic tobacco in its blend from 13.5 percent in 1973 to 100 percent in 1980. TABAZAIRE's greatest increase will be in Virginia-type tobaccos which the firm projects will rise from 18 metric tons in 1973-74 to 2,628 tons in 1979-80.

TABAZAIRE's expansion program will take large sums for necessary inputs such as fertilizer and insecticide, and to hire personnel to supervise production and curing of the additional tobacco. No fertilizer is produced in Zaire and all plant nutrients for domestic requirements must be imported at an extremely high price. However, the Société Financiere de Développement (SOFIDE) has under consideration a loan to TABAZAIRE of $1.75 million for the 1974-82 period, and it is likely many of these expenses will be paid from these funds.

Prior to independence, commercial tobacco production by both Zairians and Europeans was centered in Katanga Province, where the major portion of tobacco is still grown. Smaller quantities are produced in the Province of Bandundu. To keep output high, replace some of the nutrients in the soil, and control insects, tobacco producers in the Kaniama region of Katanga Province rotate their fields between tobacco and corn. For 2 years, tobacco is planted about October 15 and harvested January 15. Corn is then planted about January 20, and harvested May 20. After the second year of rotation, the land is left fallow for 4 years.

This and other production methods used in the country result in an average per-acre yield of 1,338 pounds for Galpao; 1,160 pounds for burley; 1,250 pounds for Virginia; and 1,115

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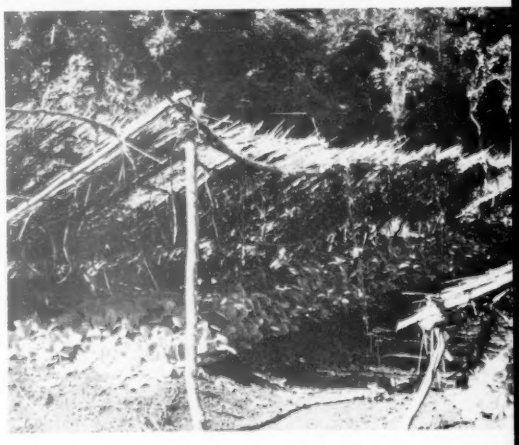


Clockwise from above: Tobacco market in Zaire; young tobacco growing under a shade; a Zairian flue-curing barn that holds 2 metric tons of leaf at a time. The Zairians are trying to reach self-sufficiency by 1980 but may still make leaf purchases. It is likely the United States will continue to be a major supplier of Zairian tobacco imports for some time to come.

Study Foresees Gain in Danish Soybean Use

By MARSHALL H. COHEN
Foreign Demand and Competition Division
Economic Research Service

ALTHOUGH GRAPPLING now with meat oversupply problems, Denmark should remain a viable producer of livestock and livestock products and importer of feed ingredients—including U.S. soybeans and soybean meal. In fact, Danish soybean meal needs are projected to rise to 756,000 metric tons by 1980 for a nearly 65 percent gain from the 1969 consumption level, according to a recent Economic Research Service study, *Demand for Soybean Meal in Denmark.*[1]

The study sees Denmark's livestock industry eventually benefiting—as expected—from European Community (EC) membership, with increased long-run net returns to producers and expanded exports of livestock products. Such exports had been adversely affected by the EC's Common Agricultural Policy (CAP) prior to 1973, when Denmark became a full EC member, and currently have been impaired by the worldwide glut of beef.

Much of the gain in demand for soybean meal is expected to come from the milk and hog sectors, although expanded use is seen in the beef, poultry meat, and egg industries. As in the past, the United States will supply most of these needs, although it may encounter stiffer competition from Brazil and other rising soybean exporters. U.S. soybeans are not likely to face intensified competition from domestically grown proteins such as horsebeans, a high-protein pulse, despite recent efforts to expand production.

Competition from other feed ingredients, including grains, is seen returning to more normal patterns, following some striking changes during the past 2 years of high grain and oilseed prices.

The report is based on the underlying assumption that there will be:

- No significant long-run shifts in animal rations, with the percentage of soybean meal in mixed feed remaining constant. However, short-run fluctuations in various feed ingredient supplies and prices are considered likely.
- No significant change in the percentage of other high-protein feeds (such as cottonseed, sunflowerseed, and meat and fishmeal) that complement soybean meal in animal rations. Total use will increase with expanded livestock output.
- No significant repercussions from import restrictions imposed on soybeans or soybean meal in the European Community—an EC CAP for soybeans was implemented in 1974.

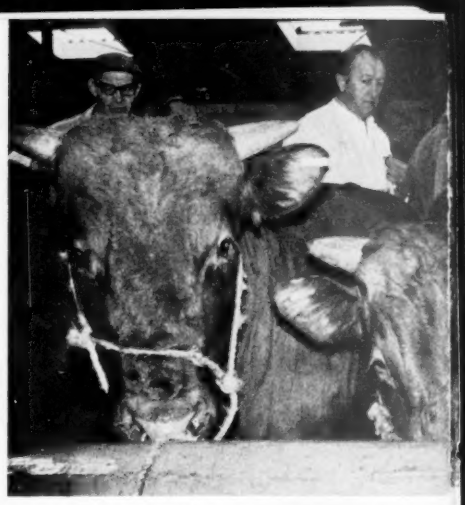
Projections of Danish soybean meal consumption in 1980 were derived by applying calculations of the percentages of soybeans used per unit of mixed feed to 1980 feeding rates generated by a Michigan State Study.[2]

The mixed feed conversion rates were assumed unchanged for beef and pork, rising for milk, and falling for poultry. The conversion rates for pork were held constant since pork production is already technologically advanced and mixed feed consumption has risen to a relatively high level. Whether feeding rates and rations change significantly thus depends partly on such factors as the composition of pig breeds, which in turn will reflect shifts in export demand—for fatter pork, more breeds, or more processed products.

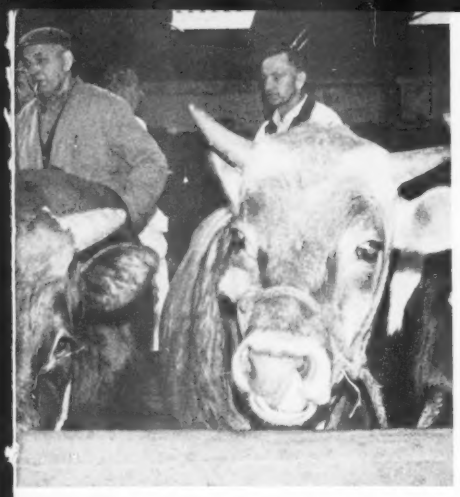
Data resulting from the projections indicate that Danish use of soybean meal may increase to 756,000 tons by 1980—or more than 60 percent above estimated soybean meal consumption of 468,000 tons—and actual consumption of 456,000—in the 1969 base period. Together, milk and pork will account for around 75 percent of this anticipated consumption. Use of soybean meal is projected at 191,000 tons for milk output, 107 percent above the 1969 base period, and 373,000 tons for pork, 67 percent above the base

[1] **ERS-Foreign 368, U.S. Dept. of Agriculture, Oct. 1974. Copies may be obtained from ERS Publication Services, Rm. 0054 So. Bldg., U.S. Dept. of Agriculture, Washington, D.C. 20250.**

[2] **The *Impact on U.S. Agricultural Trade of the Accession of the United Kingdom, Ireland, Denmark, and Norway to the European Economic Community* (Research Report No. 11, Institute of International Economics, Michigan State Univ., East Lansing, 1971).**



Above, Danish exporters bargain with farmers over calves, destined largely for the Italian market. Right, inside an export slaughterhouse in Jutland. Below, a seemingly hungry Landrace hog gnaws on its cage bar—normally, it is a big eater of mixed feed. In fact the hog industry, top consumer of soybean meal in Denmark, is seen accounting for almost 70 percent of the consumption gain projected between 1969 and 1980.



period. If production of beef from fatted calves increases as projected, soybean meal consumption by this industry will reach 36,000 tons in 1980 for a 10,000-ton gain from 1969. Meal consumption for poultry meat is seen rising 30 percent to 48,000 tons.

Laying the basis for anticipated increased use of soybean meal are economic, as well as nutritional, advantages. Soybean meal contains 400 grams of digestible protein per kilogram—the highest level of digestible protein of the major oilseeds used in Denmark, with the exception of peanuts. Moreover, price/protein ratios for high protein feeds—including cottonseed cake and meal, fishmeal, and meat and bone meal—indicate that soybean meal was the least expensive source of high protein in Denmark during both 1972 and 1973. However, because all these prices in 1973 were far above historical levels, there was some shifting that year to homegrown grains in feed rations.

Livestock number projections by the Michigan State study were used to calculate the oilseed needs. Based on an anticipated increase in milk prices and higher net returns, milk cow numbers were projected by the study to rise to about 1.45 million head in 1980 from a 1968 base of 1.3 million. Milk output was seen climbing to 6.4 million tons from 5.1 million in 1968, and beef and veal production was projected at 349,000 tons—nearly a third over that in the base period.

Numbers of sows and gilts were projected at 1.5 million head, compared to 890,000 in 1968, with pork output rising sharply to 1.2 million tons from 772,000 in the base period. Some 15-20 percent of this anticipated long-run gain is attributed to Denmark's joining the EC, with its added incentives to pork production.

Poultry meat output was projected by the study to reach 69,000 tons in 1980, a moderate increase from the 65,000 of 1968, with the uptrend possibly tempered by higher production costs.

High-protein feeds for Denmark's expanding livestock industry cannot be supplied to any extent by domestic production since oilseed area during the past decade has averaged only 1-2 percent of total agricultural area. And the most important seed crops—flaxseed, rapeseed, mustardseed, poppy seed, and caraway seed—are classified as industrial seed crops and used primarily for nonfeed purposes.

Rapeseed has traditionally been the major oilseed produced in Denmark. In 1972, rapeseed area totaled 75,600 acres, about 85 percent of total oilseed area. This was about double the 1970 area, reflecting a sharp improvement in prices and reversing the downtrend that occurred during the 1960's.

At the same time, however, experiments are being conducted in Denmark to produce a high-protein feed crop. A feed pulse, horsebeans, has been a popular experimental crop, largely because its protein content is relatively high—approximately 20 percent. Horsebeans could substitute for about 15 percent of the high-protein part of mixed feeds, according to some research reports.

Horsebean production in Denmark has been disappointing to date, largely because yields have been unfavorably affected by weather. Other factors such as soil conditions and soil moisture have resulted in wide year-to-year fluctuations in yields. Also, a trade policy liberalizing imports of protein feeds but applying levies to grains has encouraged production of feedgrains in lieu of protein crops.

It thus appears unlikely that horsebean plantings will expand significantly, although attempts to develop high-protein crops will probably continue as long as world prices for feed ingredients remain high.

Because of its limited domestic output, Denmark's expanding oilseed and meal needs have been reflected directly in the import market—and mainly in imports of U.S. soybeans. The United States has been virtually the sole supplier of Danish soybeans since 1963, more recently accounting for almost all of the 491,000 tons imported in 1971, 95 percent or 520,000 tons of 1972 purchases, and over 90 percent of the 388,000-ton market in 1973.

U.S. dominance of the market grew sharply with disappearance of the People's Republic of China as a competitive supplier in Denmark. In 1960, China supplied a third of Denmark's soybean needs.

Recently, however, Brazil has emerged as a competitor, shipping 13,000 tons of soybeans to Denmark in 1972. Brazil's competitive role is likely to expand in coming years as the country further increases its soybean production and exports.

Continued on next page

In addition to processing imported soybeans for cake and meal, Denmark imports processed cake and meal. Soybean cake accounts for the highest percentage (over 40 percent in 1972) of such imports, some of it coming from U.S. soybeans processed in West Germany and the Netherlands. Despite the upward trend anticipated in the study, there may be short-term disruptions, such as those arising from recent problems in livestock markets. In 1974, for instance, the Danish export market was adversely affected by several unforeseen developments: The Danish beef market was under stress because of the EC oversupply of beef and balance-of-payments measures such as the Italian Deposit Scheme requiring importers to deposit 50 percent of the value of imports; bacon exports to the United Kingdom, Denmark's principal customer, dropped sharply early in 1974 with a consumption decline; broiler output was voluntarily curbed in a broad EC-wide agreement; and the abnormally high feed and input prices (largely fuel and fertilizer) precluded expansion in many categories of livestock.

On the positive side, new markets for livestock products are developing in the Near East and Far East. Markets for several pork cuts have increased in EC countries. And prices of feedstuffs are expected to decline over the long run, while economic growth should eventually recover from its currently depressed and highly inflated state.

USSR Winter Grain Progress Reported

Winter weather in the USSR has been quite mild. Snow cover is relatively light, and winter grains in most areas appear to be in good condition. One area of considerable concern, however, is the southern fringe of the Ukraine and southern Moldavia, where growth has continued since the time of planting last fall. Also, vegetative growth resumed in Krasnodar and Stavropol.

If the current mild winter continues, prospects for the survival of winter grains are favorable. However, any dramatic drop in temperature would seriously threaten large areas of winter grains, especially where there has been prolonged growth and where there is no snow cover.

Zaire Will Import Tobacco Even If Self-Sufficient

Continued from page 11

pounds for Kentucky tobaccos.

Zaire's imports of tobacco have been increasing rapidly in recent years, rising by about 40 percent between 1969 and 1973—from 3,601 tons to 5,038 tons. For the past year, imports were expected to reach 5,300 tons. The major supplier of tobacco in the past has been the United States—both on a commercial and concessional basis.

DURING MOST OF THE 1960's, the needs of the domestic cigarette and cigar industry were met through imports from the United States under Public Law 480. Between 1954 and 1972, P.L. 480 agreements were signed calling for about 25 million pounds of tobacco valued at $20 million to be delivered to Zaire, although not all of this quantity was shipped.

In 1973, however, Mozambique was major supplier of tobacco to Zaire and the U.S. share declined from 36 percent in 1972 to 29 percent the following year.

Cigarette production in Zaire increased most rapidly between 1948 and 1958 when output rose from 670 million pieces to almost 4 billion. Production reached a peak in 1962, when about 5 billion pieces were produced. During the disturbances that followed in the early years of the sixties, however, output dropped, reaching its lowest point in 1965, when only 2.8 million cigarettes were produced. Since that time there has been a new upsurge in cigarette production, the output level reaching 5.1 billion pieces in 1973, and possibly going to 5.2 billion in 1974.

Domestic consumption has also shown a steady climb and cigarette exports to neighboring African States have mounted from 196 million pieces in 1969 to 408 million pieces in 1973.

Total output of Zaire's cigarettes comes from three factories. BAT has a plant with an annual capacity of 1.4 billion cigarettes in Kinshasa; TABAZAIRE has one with an output of 700 million cigarettes a year, also in Kinshasa, and a larger plant in Lubumbashi with an annual capacity of 3.6 billion cigarettes.

In 1973, nearly 20 percent of the 5.1-billion-cigarette output were filter tips, compared with only 11 percent the previous year. Sale of filter tips is expected to take a steadily increasing share of the Zairian cigarette market.

Until recently, Zairian cigarette manufacturers faced a shrinking profit margin. Selling at retail prices set by the Government, the increase in world tobacco prices had made it difficult for these companies to operate at a profit. However, TABAZAIRE and BAT were granted increases in the sales price of their cigarettes in October ranging from about 40 percent to 100 percent. These boosts were considered by the trade to be long overdue since about 80 percent of the tobacco used in their cigarettes came from outside the country.

During the early part of 1974, considerable difficulties were encountered when both companies had to "zairianize" their retail outlets. The transition was made with less trouble than had been anticipated and cigarette sales were back to their normal level within several months.

The Government provides no tobacco support prices. However, the tobacco firms provide incentives to smaller producers in the form of tobacco seed, fertilizer, insecticides, and product supervision.

ZAIRE: TOBACCO PRODUCTION AND IMPORTS; CIGARETTE PRODUCTION, EXPORTS, AND CONSUMPTION

Item	1969	1970	1971	1972	1973	1974
	Metric tons	*Metric tons*	*Metric tons*	*Metric tons*	*Metric tons*	*Metric tons*
Tobacco:						
Production	343	310	700	887	1,041	1,400
Imports	3,601	4,075	4,622	3,602	5,038	5,300
	Million pieces	*Million pieces*	*Million pieces*	*Million pieces*	*Million pieces*	*Million pieces*
Cigarettes:						
Production	3,478	4,422	4,351	4,800	5,122	5,200
Exports	196	267	298	360	408	420
	Pieces	*Pieces*	*Pieces*	*Pieces*	*Pieces*	*Pieces*
Per capita consumption	131	149	157	160	194	198

Poland's 1974 Oilseeds Harvest Falls Short of Earlier Expectations

Poland's 1974 oilseed harvest—all rapeseed—is reported to total 524,000 tons, far below the Government target of 850,000 tons but 2 percent above the 512,000 tons harvested in 1973.

Total area sown to rape in the fall of 1973 was about 767,000 acres, but adverse weather forced plowing under of about 129,000 acres—17 percent of the sown area—bringing the harvested area to about 638,000 or fewer acres.

Area of rape sown for the 1975 crop is estimated at about 865,000 acres. Although sowing in 1974 was carried out at the optimal time, rape is sensitive to winterkill, and production is impossible to estimate far in advance. Also, rape is often affected by insects, with as much as 30 percent of crops sometimes lost to weevils.

Poland's fats and oils imports in 1973 generally were at about the 1972 level, except that butter and lard imports were discontinued and Poland is now seeking new and expanded markets for these products.

Inedible tallow imports were down 51.5 percent below the 1972 total and about 20 percent of 1971 quantities. Poland imported no edible tallow in 1973. Oilmeal imports, however, rose by 34 percent in 1973 over 1972 levels and were more than double those of 1971.

In the first 9 months of 1974, Poland purchased at least 130,000 tons of soybean meal—sufficient to cover requirements through March 1975—about half of which was from U.S. sources.

The Government also has contracted for 75,000 tons of soybeans—enough to cover needs through February 1975, when another 50,000 tons probably will be required.

Linseed oil imports are increasing annually, and inedible tallow purchases in 1974 were about triple the 1973 levels, largely as a result of a $6 million CCC credit extended by the United States. Imported soybean oil is regarded as too costly, and no purchases currently are planned.

Exports of Polish rapeseed totaled 52,636 tons in 1973, vastly greater than the 1,090 tons exported in 1972 but far below the 180,000 tons exported in 1968—the volume the Government would prefer to see exported annually.

The Government's approach to the production problem is to expand rape cultivation mainly on State farms, where insect control programs are in effect and yields are higher than on other farms.

State farms account for about 50 percent of total rapeseed outturns. The long-term goal is to boost rapeseed output to 1.2-1.4 million tons annually to supply the export market as well as domestic feed requirements.

—Based on report from Office of U.S. Agricultural Attaché Warsaw

Harvesting rapeseed, Poland. Adverse weather damaged part of the 1974 crop.

SPAIN BOOSTS PRICES OF TOBACCO PRODUCTS, U.S. SALES MAY RISE

In early December 1974 Spain increased the retail price of most tobacco products. The increase—which follows a similar price hike for imported products in April 1974—reduces the margin between domestic and imported products. However, the price of most imported items is still more than double that of similar domestic products.

The recent Government action raised the price of U.S.-type cigarettes by an average 18 percent, dark cigarettes by 27 percent, pipe tobacco by 32 percent, and cut tobacco by one-third. Earlier price increases for imported cigarettes averaged 34 percent and for pipe tobacco, 22 percent. Domestic U.S.-type cigarettes now will sell for about 35 cents for a pack of 20, while pipe tobacco will retail at 57 cents for a 1.75 ounce package (50 grams). Comparable imported products retail for 87 cents for a pack of 20 cigarettes and $1.58 for a 1.75 ounce package of pipe tobacco.

The April 1974 price increase is reflected in a 24 percent drop in U.S. cigarette exports to Spain during January-October 1974. Spain was the third largest market for U.S. cigarette exports in 1973.

U.S. leaf exports to Spain in the first 10 months of 1974 were up 46 percent to 6.3 million pounds. This leaf was valued at $7 million, up 79 percent from $3.9 million for the same 1973 period.

With the recent price increase on domestic products, sales of U.S. cigarettes are expected to improve somewhat. The increase, however, may be limited by sales quotas imposed on imported tobacco products by the Spanish Tobacco Monopoly.

In addition to the quota on sales, Spanish imports of U.S. cigarettes will be tempered by an agreement under which the Monopoly will produce a U.S. brand that is currently the best selling import, making the United States compete more strongly.

President Signs U.S. Trade Bill

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to overturn the exercise of this discretion.

Title IV: Trade relations with countries not currently receiving nondiscriminatory treatment. This Title contains the controversial and much publicized provisions making it possible to extend nondiscriminatory (MFN) treatment to nonmarket economy countries, when certain conditions are met.

THE TITLE PERMITS the President to extend MFN tariff treatment and Government credits to countries not now eligible for such treatment. This includes all Communist countries except Poland and Yugoslavia, which are already eligible. Extension of nondiscriminatory treatment must be pusuant to bilateral commercial agreements approved by both Houses of Congress.

A condition to this authority is that the President find that such countries are not denying their citizens the right to emigration, or are not imposing more than a nominal tax on emigration, and are cooperating in accounting for U.S. personnel missing in Southeast Asia. The President must report this finding to Congress if he wishes to extend MFN status and export credit financing to any such country, and twice a year thereafter.

Further, either the House or Senate may, by majority vote, block the granting of nondiscriminatory treatment either at the time the President decides to grant it or when he submits subsequent reports.

Agreements with nonmarket economy countries would be in force for 3 years, renewable for an additional 3 years if a satisfactory balance of trade is maintained and if the other country reciprocates tariff and nontariff concessions made by the United States as a result of multilateral concessions.

The agreements must also include safeguard arrangements to prevent market disruption, patent protection, and dispute settlement provisions. Czechoslovakia must settle its outstanding debts to U.S. citizens as part of any bilateral agreement extending MFN and credit.

Escape clause relief is provided against imports from all Communist countries, including those already receiving MFN. Import relief may be granted subject to a "market disruption" test that is easier to meet than the serious injury tests under Title II of the Act. By definition, market disruption exists when imports are increasing rapidly, either absolutely or relatively, so as to be a significant cause of material injury or to threaten injury to a domestic industry.

Once the International Trade Commission determines market disruption exists, the President is required to take action in the same manner as under Title II, except that he may choose to direct the relief to imports from only the country in question, that is, on a non-MFN basis. The President may also initiate escape clause action pending an affirmative determination by the Commission.

Title V: Generalized system of preferences. This Title provides the authority to the President to honor a long standing pledge to extend duty-free tariff preferences on eligible articles from designated developing countries, subject to procedures and limitations. The authority would be in effect for 10 years.

"Overall, the U.S. negotiating objective is to obtain more open and equitable market access, and to harmonize, reduce, or eliminate devices that distort trade or commerce."

The President, in implementing the system, designates the countries and articles that are eligible for duty-free treatment. Specified procedures, including public hearings, are designed to identity import-sensitive U.S. articles. Articles subject to escape clause relief are excluded, and the President is prohibited from designating certain categories of manufactured items as eligible, such as textiles, steel, glass, footwear, and electronic articles.

To receive preferential treatment, an eligible article must be imported directly from a developing country, and the value added in the developing country must be at least 35 percent for individual countries or 50 percent for groups of countries treated as one.

The President cannot designate the following as beneficiary developing countries:

- 26 specified developed countries.
- Communist countries, with the exception of Yugoslavia.
- Members of the Organization of Petroleum Exporting Countries or members of international cartels (unless such countries have entered into supply access agreements with the United States.
- Countries that grant reverse preferences to other developed countries with significant adverse effects on U.S. commerce, unless the preference or their adverse effects are to be eliminated by January 1, 1976.
- Countries that have nationalized or expropriated U.S.-owned property without prompt and adequate compensation, unless exempted for reasons of U.S. national interest.
- Countries that have failed to control unlawful entry of narcotics into the United States, unless exempted for reasons of U.S. national interest.

PREFERENTIAL TREATMENT will not be granted or will be withdrawn on imports of an article from a particular country if more than $25 million-worth of that article is imported into the United States from that country in any calendar year. This amount is to escalate in subsequent years in proportion to changes in the U.S. Gross National Product, compared with the base year 1974.

Further, preferential treatment is prohibited if that country accounts for more than 50 percent of total U.S. imports of that article. The 50-percent ceiling does not apply to articles for which no like or directly competitive article is produced in the United States.

The "competitive need" ceilings of $25 million or 50 percent, however, may be waived in the national interest if the President determines that such country has had an historical preferential trade agreement with the United States, or does not discriminate against U.S. commerce. At the present time, this waiver could be applied only to the Philippines.

There are a number of provisions pertaining to the day-to-day operations of the Government's trade work contained in the above titles, as well as in Title VI of the Act, which contains general provisions.

CROPS AND MARKETS

LIVESTOCK AND PRODUCTS

Active U.S. Livestock Export Trade Slows

U.S. exports of livestock and livestock products for November 1974 were valued at $119 million—down 14 percent from the November 1973 level. While exports continue at relatively high levels, an overall weakening is becoming evident.

Some commodities increased the most in value during November 1974, principal among them pork, variety meats, tallow, greases, and fur skins. Principal recipients of U.S. exports of tallow and greases continue to be India, Egypt, Japan, Korea, Brazil, and the Netherlands. For U.S. variety meat products, the European Community and Mexico are the major customers.

Trade continued to be sluggish in November for beef, veal, some items of animal hides, live cattle, and hogs.

For the first 11 months of calendar 1974 U.S. exports of livestock and livestock products amounted to $1,452 million —up 12 percent for the year. Much of this increase resulted from higher total export values for lard, tallow, greases, fur skins, and miscellaneous animal byproducts.

Despite an increase in sales volume of 9 percent, U.S. exports of variety meats for 1974 are down 2 percent in value, reflecting a significant drop in the unit value of these commodities. This is also the case with hides and skins, which are down 11 percent in value but up 20 percent in sales.

U.S. Red Meat Imports Continue To Decline

U.S. imports of red meat for the first 11 months of calendar 1974 were 1,472 million pounds—down 18 percent from the level for the comparable 1973 period. Included in this total are fresh, chilled, and frozen beef; veal, mutton, and goat meat subject to the Meat Import Law; canned and preserved meats; and "other fresh, chilled, or frozen" meats. Total imports for November were 133 million pounds—down 27 percent from November 1973 imports.

Imports of meat subject to the Law totaled 93 million pounds in November 1974—down 28 percent from those for November 1973. Total imports of meat subject to the Law for the first 11 months of calendar 1974 were 974 million pounds—down 22 percent from the corresponding 1973 period. Principal suppliers continue to be Australia, with 456 million pounds, and New Zealand, with 242 million pounds. Meat imports for the balance of calendar 1974 are expected to continue below 1973 levels.

In addition to meat imports subject to the Law, U.S. imports of canned and preserved meat imported for the first 11 months of calendar 1974 were 436 million pounds, representing a 7 percent decline from the level of imports for the same 1973 period.

Processed and canned beef and veal imports accounted for 137 million pounds of this total. Argentina continues to be the major supplier of canned and processed beef and veal to the United States, providing 86 million pounds through November 1974. Imports from Argentina for the corresponding 1973 period were 72 million pounds. Most of the products imported from Argentina are in the category of corned beef.

Imports of pork, processed or canned, totaled 284 million pounds during the 11-month period, a decline of 8 percent, compared to those for the corresponding 1973 period. Principal suppliers of these commodities continue to be Denmark, the Netherlands, Poland, and Yugoslavia.

During the first 11 months of 1974 imports of "other meats, fresh, chilled, or frozen" fell 28 percent to 62 million pounds. This category includes fresh, chilled, and frozen pork and lamb meats. Major suppliers of meat imported under this category are Canada (fresh, chilled, and frozen pork) and New Zealand (fresh, chilled, and frozen lamb).

U.S. Livestock Imports Still on Downtrend

U.S. imports of livestock and livestock products for November 1974 were valued at $123 million—down 51 percent from the November 1973 level. This marks the eighth consecutive month that imports have been lower than those for the corresponding 1973 period.

Slight value increases were noted for imports of animal casings, animal hides and skins, fur skins, tallows, greases, and meat extracts. In nearly all areas, however, a downtrend prevailed, with beef, pork, animal byproducts, and live animal imports showing the greatest declines. Declines in both volume and unit prices were responsible for the total decrease in import values for the month.

For the first 11 months of 1974 imports were valued at $1,707 million—17 percent below those for the same 1973 period. Most of the commodities continued to weaken in both volume and unit price. In terms of volume, exceptions were live hogs, horses, animal byproducts, and animal casings.

GRAINS, FEEDS, PULSES, AND SEEDS

Record Payments Made To Canadian Wheat Producers

The Canadian Wheat Board has announced a record level of final payments to Canadian grain producers of more than $764 million for deliveries of wheat, oats, and barley in the 1973-74 crop year. The final payments are in addition to the initial price that producers receive at the time of delivery.

The 1973-74 final payments, together with the higher initial prices received at the time of delivery, will give producers a record cash return. For example, the cash return for No. 1 Canada Western Red Spring wheat totals $4.57 per bushel,

basis Thunder Bay or Vancouver, compared with the 1972-73 level of $2.15 per bushel, the previous high. Record returns per bushel were received for other grains: No. 1 Amber Durum, $6.61; No. 1 Feed Oats, $1.72; and No. 1 Feed Barley, $2.59. These returns compare with the 1972-73 returns per bushel: Durum, $2.87; oats, $1.06; and barley, $1.46.

Rotterdam Grain Prices and Levies

Current offer prices for imported grain at Rotterdam, the Netherlands, compared with a week earlier and a year ago:

Item	Jan. 14	Change from previous week	A year ago
	Dol. per bu.	*Cents per bu.*	*Dol. per bu.*
Wheat:			
Canadian No. 1 CWRS-13.5	5.78	−18	6.46
USSR SKS-14	(1)	(1)	(1)
Australian FAQ[2]	(1)	(1)	(1)
U.S. No. 2 Dark Northern Spring:			
14 percent	5.67	−21	6.53
15 percent	5.79	−20	(1)
U.S. No. 2 Hard Winter:			
13.5 percent	5.38	−34	6.35
No. 3 Hard Amber Durum	7.35	−24	9.05
Argentine	(1)	(1)	(1)
U.S. No. 2 Soft Red Winter	(1)	(1)	(1)
Feedgrains:			
U.S. No. 3 Yellow corn	3.80	−6	3.45
Argentine Plate corn	4.31	−18	3.91
U.S. No. 2 sorghum	3.81	−6	3.36
Argentine-Granifero sorghum	3.93	−6	3.31
U.S. No. 3 Feed barley	3.74	−8	3.10
Soybeans:			
U.S. No. 2 Yellow	7.23	−27	7.18
EC import levies:			
Wheat	.19	+19	0
Corn	.14	+7	0
Sorghum	.17	+4	0

[1] Not quoted. [2] Basis c.i.f. Tilbury, England.
NOTE: Price basis 30- to 60-day delivery.

West German Grain Imports Lag

West German grain imports during the first quarter of the August 1974-July 1975 season are substantially below those for the comparable period in 1973-74. Imports from all sources, in 1,000 metric tons, with comparable 1973-74 figures in parentheses, were: Wheat, other than Durum, 95 (380); Durum, 56 (115); barley, excluding malting barley, 233 (310); oats, 53 (140); sorghum, 20 (7); rye, 46 (14); and corn, 650 (850). Imports of feedgrains shown above totaled 956,000 tons, compared to 1,307,000 tons for the same period the previous year, representing a decline of 27 percent.

PRC Reports Record Grain Crop

The People's Republic of China (PRC) has reported that its grain production set a new record in 1974, with a "fairly big increase over 1973, itself a good year." No production figures, however, were given.

PRC grain production in 1973 has been acclaimed publicly as a record harvest with production of "more than 250 million metric tons." Other official statements have placed estimated 1973 grain output at 257 million metric tons and 260 million metric tons.

Reference to 1973 as a "good" year in the recent announcement rather than a "record" year, however, could signal a downgrading of the 1973 estimate to below 1971 output of 246 million metric tons, the previous record year.

Thailand Reduces Rice Export Premium

Thailand has lowered its export premium on all grades of rice by about 50 percent in an effort to make Thai rice more competitive in world markets and to stimulate sagging rice exports. The lower premium also will permit exporters to pay more for rice, and this, in turn, is expected to result in higher farm prices for paddy. The Government hopes the higher prices will encourage farmers to increase plantings of second crop rice.

TOBACCO

Brazil Raises Prices Of Cigarette Leaf

Brazil recently increased the official guide price to be paid to cigarette leaf tobacco growers for the 1975 crop. Prices of flue-cured leaf, the major export, and burley were boosted an average of 37 percent. The average prices of amarelinho and galpao, native cigarette types, were raised 42 percent.

The new official guide prices, however, are still below the market prices received by growers for the 1974 crop. Converted at the current exchange rate, the new average prices (in cents per pound) are: Flue-cured, 29; burley, 25; amarelinho, 26; and galpao, 15. Prices actually received for these types in 1974 were flue-cured, 35; burley, 33; amarelinho, 27; and galpao, 19.

The 1975 crop reportedly is in good condition, following favorable weather in November and December. Combined production of the cigarette tobacco types (flue-cured, burley, amarelinho, and galpao) is expected to be one-third larger than 1974 output. This is expected to push market prices closer to the 1975 official prices.

Brazil substantially increased its production of flue-cured tobacco in recent years, and was the fifth largest non-Communist exporter of this type in 1973. The increased official guide prices are not expected to influence exports significantly.

Depreciation of the cruzeiro relative to currencies of many importing countries and strong export demand for cigarette tobacco will likely negate any adverse effect the price hike may have on demand for Brazilian leaf.

EC Proposes 1975-76 Tobacco Price Levels

The European Community Commission has proposed higher target and intervention prices in 1975-76 for 11 varieties of EC tobacco, has retained the prices for eight, and decreased Italian fire-cured by 3 percent and semi-oriental by 1 percent.

The proposed increases in units of account (u.a.) would range from less than 1 percent to over 10 percent, depending on the variety. However, as part of the overall Common Agricultural Policy price proposal, the Commission has rec-

ommended realinements in the u.a./national currency parities. The German Deutsche mark would be revalued relative to the u.a. by about 5.5 percent, and the Belgian franc by about 2.7 percent. The French franc would be devalued by 3.5 percent and the Italian lira by about 4 percent.

In this way the parity realinement would mitigate the price increases for German and Belgian varieties, but would amplify the increases in France and Italy, which together produce over 90 percent of EC tobacco. The lira target prices for Italian bright and burley (comparable to U.S. flue-cured and burley) would go up 6 percent and 4 percent, respectively, to the equivalents of about US$1.20 and 92 cents per pound.

The Commission also has proposed changes in the buyers' premiums, or rebates to buyers of EC tobacco, calculated to make it less costly than comparable imports. For Italian bright and burley, the lira increases would be 2 percent and 4 percent respectively, resulting in premiums equivalent to about 64 U.S. cents and 39 U.S. cents per pound for these varieties.

U.S. Leaf Exports to Japan Help Offset Low EC Takings

Exports of U.S. tobacco during November 1974 were relatively high, at 73 million pounds, but this figure is 9 million pounds and 11 percent below the 1973 level.

Purchases by the European Community were down by 47 percent and 24 million pounds, compared with the November 1973 level. This decline was partially offset, however, by unusually large November takings by Japan (up 14 million pounds) and by shipments to Libya (4 million pounds) and Syria (2 million pounds). Nevertheless, it is unlikely that these countries can continue to offset the slump in European shipments of tobacco during the remaining 7 months of fiscal 1975.

While projected U.S. tobacco exports for fiscal 1975 of 650 million pounds are 6 percent below the fiscal 1974 figure, total shipments may fall short of this estimate unless December to June sales rise unexpectedly.

FRUIT, NUTS, AND VEGETABLES

Portugal's Tomato Processing Production Declines

Portuguese plantings of tomatoes for processing in 1974 are estimated at 24,000 hectares, down 8 percent from the previous year's level. (1 hectare=2.471 acres.) Concern over the adequacy of irrigation water supplies and higher input costs were the primary factors for the reduced 1974 planted acreage. In addition, it is believed that the April 25 coup influenced planting intentions and delayed planting.

Unusually dry and hot weather in late June 1974, coupled with labor conflicts and the lack of irrigation in certain production areas, generated lower yields. Harvested yield is estimated at 29 metric tons per hectare, 18 percent below the 1973 level. As a result, the estimate of the 1974 raw product production is 700,000 metric tons, down 24 percent from that of 1973. Prices received by growers were about $52 per metric ton in 1974 and $44 in 1973.

In 1974 about eight mechanical harvesters (all U.S. manufactured) were utilized in the harvesting of about 1,000 hectares, or 4 percent of the total acreage. Increased use of harvesting and seeding mechanization is being stimulated by higher field wages and intensified labor problems, which are expected in 1975. Consequently, it is estimated that at least 20 percent of the total crop will be mechanically harvested in 1975.

Portugal's 1974 output of tomato paste (28-30 percent solids) now is estimated at 130,000 metric tons, 15 percent below the 1973 level, but 18 percent above the November forecast.

Industry sources indicate that fear of a tomato paste shortage during 1972-73 caused many foreign buyers to increase future contract orders with Portuguese exporters. Consequently, export shipments in calendar 1973 were above normal, resulting in a smaller carryover supply for 1974. This carryover situation resulted in higher prices, which have substantially reduced shipments in calendar 1974.

For the first 9 months of 1974, paste exports totaled 32,500 metric tons, compared with more than twice this volume, 76,323 metric tons, in same 1973 period. Major export markets for the 9-month period of 1974 registered considerably lower imports. Imports to these markets (in metric tons) were: The United Kingdom, 7,300 (down 48 percent); the United States, 3,800 (down 83 percent); Italy, 3,300 (down 32 percent); and Japan, 2,800 (down 55 percent).

The 1974 crop minimum export price (f.o.b.) for tomato paste has been set at approximately $729 per metric ton, roughly twice the 1973 level. However, current (f.o.b.) export prices are averaging $890 per metric ton. The outlook for export movement for the first half of 1975 is depressed due to the worldwide economic problems and lack of financing on the part of importers.

German Canned Fruit Pack Down

West Germany reports a smaller 1974 canned deciduous fruit pack. Total production of fruit packed in sugar is estimated at 2,975,000 cases, basis 24/2½'s, 24 percent below the record 1973 pack of 3,934,000 cases. Production of apple products declined the most because of frost and heavy rains during blossom. Estimated 1974 production in cases, with 1973 in parentheses, is: Apples, 1,250,000 (2,182,000); sour cherries, 917,000 (706,000); sweet cherries, 129,000 (156,000); plums, 458,000 (550,000); and other, 221,000 (340,000).

Other Foreign Agriculture Publications

- Red Meat Per Capita Consumption (FLM 12-74)
- 1974 World Rice Crop Declines From Last Year's Record (FR 2-74)
- World Grain Situation: Review and Outlook (FG 25-74)
- September Trade in Livestock and Livestock Products (FLM MT 11-74)
- October Trade in U.S. Livestock and Livestock Products (FLM MT 12-74)
- Canned Fruit Prices in the Netherlands, West Germany, and the United Kingdom (FCAN 5-74)
- World Supply and Demand Situation (FC 23-74)

Single copies may be obtained free from the Foreign Agricultural Service, USDA, Washington, D.C. 20250, Rm. 5918 S.; Tel.: 202-447-7937.

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World Rice Crunch Letting Up

Continued from page 4

of 200,000 tons, and that may be achieved only by drawing down reserve stocks.

South Asia has not enjoyed the general production increases experienced in most rice-growing regions this year. India's crop is scarcely better than that resulting from the poor 1972 monsoon. But Bangladesh and Pakistan appear to be holding their own, with estimated production at near last year's record levels.

In India, the second poor monsoon in 3 years has dropped paddy production to 59.3 million tons—6.4 million below last year's excellent crop. Production declines were particularly sharp in Orissa, parts of Bihar, and eastern Uttar Pradesh. With stocks limited, and imports largely restricted to wheat and sorghum, Indian consumption of rice is likely to decline by about 6 percent in 1975.

As a result of the shortfall, India's grain situation is nearly as bleak as it was in the mid-1960's. Much depends on winter wheat crop and a better monsoon next year. New rice varieties are in the offing, and there is a feeling that given good monsoons, some major production increases are possible. However, agronomists do not expect results as dramatic as the doubling of India's wheat production in the late 1960's and early 1970's, following the introduction of high-yielding varieties.

Much has been written about conditions in Bangladesh. While there can be little doubt that hunger is common, it can not all be laid to the 1974-75 crop. For while floods damaged the first of the year's three rice harvests (Aus), they provided more water to peripheral areas for the main crop (Aman). The ample moisture also suggests better-than-average prospects for the third crop (Boro), now being sown, boosting prospects for a total production close to last year's 18.5 million tons.

Although the loss of part of the first crop made supplies in late summer and early fall extremely tight, Bangladesh's food problems are also the results of inadequate purchasing power among large segments of the population and a generally poor transportation network.

Rising prices have put an adequate diet beyond the reach of more and more people, particularly now that a number of public works programs have been dropped. Meanwhile, the movement of relief supplies is slow, as ferries rather than bridges must move traffic and goods across many of the delta's rivers and streams.

Like many other low-income countries, Bangladesh hopes to increase production over the next several years through greater use of high-yielding varieties, fertilizer, and better irrigation. Under current price relationships, rice seems to be replacing jute in many areas during the Aus season and may become an even stronger competitor if appropriate floating varieties, which adapt to flooding, can be found. However, the hoped for expansion of fertilizer use has been dampened by the closing of the country's major nitrogen plant following an explosion there last July. Japanese technicians are now repairing the damage, but the plant is not likely to resume operations for at least another year.

Pakistan looks for a crop about equal to last year's record 3.6 million tons. Serious water shortages, particularly in the Sind, have held production below the Government's 4.2-million-ton target. Even so, officials expect to procure well over 700,000 tons.

With rice now a major foreign exchange earner, all Pakistani exports will be handled by the newly formed Rice Export Corporation, a Government enterprise. Some private traders see trouble ahead, particularly for coarse rice, much of which is poorly milled and stored and will be difficult to sell as world export supplies increase. For many years, this coarse rice was supplied to the East wing, now Bangladesh, with quality seldom an issue. After the 1971 war, Pakistan was lucky to encounter a tight world supply situation under which lower-quality rice could be sold at high prices. Those days now appear to be ending.

The general easing of world rice supplies is somewhat more apparent with the inclusion of communist Asia and important non-Asian producers. North Korea has entered the export market for the first time, reportedly offering up to 500,000 tons. Meanwhile, the People's Republic of China, Asia's largest exporter, has at least as good a crop as last year's and may boost exports to ease reported foreign exchange constraints.

In the West, the U.S. crop is a record 5.2 million—up 23 percent from a year ago. In South America, where the crop will not mature until early 1975, gains are expected in the exporting countries of Uruguay and Argentina. Brazil, South America's largest producer, may harvest an additional 300,000 tons. Even in the European Community, where production may have dipped slightly, export levies have been dropped as the Italians attempt to move rather heavy supplies to third countries.

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